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**BIWEEKLY REPORT**

**SINO-SOVIET BLOC  
ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS**

EIC WGR 1/185

11 March 1963

PREPARED BY THE WORKING GROUP  
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events  
22 February - 7 March 1963

The governor of the Brazilian State of Rio Grande do Norte has announced signing an agreement with Hungary for technical assistance on an irrigation project. If this agreement is approved by the Brazilian Government, it could become the means for a significant influx of Bloc technicians. Brazil's increasing balance-of-payments problem has resulted in the signing of bilateral trading agreements with Soviet Bloc countries providing for increased trade in 1963. Trade with the Bloc since 1953 has shown a gradual but steady increase; during the last 3 years, it has accounted for 5 to 6 percent of Brazil's total trade.

Cuba has now signed trade protocols for 1963 with virtually all Bloc countries. The new protocols signed with the USSR and Communist China provide for long-term credits of unannounced amounts to cover Cuba's 1962 trade deficit with those countries. It is believed that 1962 is the first year in which Cuba incurred a deficit in its trade with Communist China.

The Iraqi coup of 8 February 1962 brought a halt to the leftist drift of the Kassem regime. Although it is too early to estimate the precise effect of the coup on Iraq's relations with the Bloc, it is probable that the new government will attempt to redress the balance of its relations with East and West. The new regime probably will carefully scrutinize the Bloc's economic aid program in Iraq and will seek to bring it under tighter control. Better performance and quality will be demanded of the Bloc, and increased participation of the West in Iraq's economic development will be sought. First steps have been taken to normalize Iraq's relations with the Iraqi Petroleum Company, the chief source of Iraq's foreign exchange earnings.

Between 100 and 150 African students have left Bulgaria as a result of that government's ban on the formation of an All-African Student Union. Although the official reaction of the African governments whose students were involved has been generally mild, in the long run this expression of student dissatisfaction may serve to dampen African enthusiasm for study in Bloc countries.

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A group of 48 military trainees has left Algeria to begin a 2-year instruction course in the USSR. A second group, composed of student engineers, is scheduled to undertake a 30-month study of telecommunications. This is the first known acceptance of Bloc military technical assistance by Algeria since that country attained independence.

The USSR and Ghana have signed a protocol that reportedly provides for a Soviet credit of \$22.2 million. It is not clear at present, however, whether this represents a new credit extension or an implementation of existing credits. If a new credit has been extended, it may be used to finance imports of Soviet commodities for sale on the local market, thereby generating local funds for development projects. Although this type of financial assistance has not been standard, the USSR has made such arrangements with several countries that were experiencing difficulties in raising local funds for Soviet development projects.

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